MAYORS' EXECUTIVE DECISION MAKING

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Thursday, 26 May 2011

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Mayor's Decision Log No. 004

1. **CONTRACT RECOMMENDATION FOR REPLACEMENT OF ICT DATA STORAGE EQUIPMENT (Pages 1 - 8)**

   The Mayor has authorised that, subject to satisfactory references, the contract for delivery of replacement data storage equipment is awarded to ANS based on a three year maintenance contract at an annual cost of £184k.

   For further details please see the attached report.

If you require further information regarding this Mayoral Decision, please contact:
John S. Williams, Service Head, Democratic Services
Tel: 0207 364 4204, e-mail: johns.williams@towerhamlets.gov.uk

LONDON BOROUGH OF TOWER HAMLETS
MAYORAL DECISION PROFORMA

Mayoral Decision Log No: 4

Title: Contract recommendation for replacement of ICT Data Storage equipment

Is this a Key Decision: Yes

UNRESTRICTED

EXECUTIVE SUMMARY

This report has been produced in response to the Cabinet Meeting 16 May 2011 request to submit comprehensive reports (including an options appraisal) relating to contracting strategy/ contract award in respect of all contracts listed in the Appendix to the report, for the consideration of the Mayor/ Cabinet Member for Resources and also their subsequent consultation and agreement to the proposed contract award.

Full details of the decision sought, including reasons for the recommendations; other options considered; background information; the comments of the Chief Finance Officer; the concurrent report of the Assistant Chief Executive (Legal Services); implications for One Tower Hamlets; Risk Assessment; Background Documents; and other relevant matters are set out in the attached report.

DECISION

The mayor is recommended to authorise that, subject to satisfactory references, the contract for delivery of replacement data storage equipment is awarded to ANS based on a 3 year maintenance contract at an annual cost of £184k.

APPROVALS

1. Corporate Director

I approve the attached report and recommendations above for submission to the Mayor.

Signed ....._(signature)_..... Date ..26./5./11.

Pf Chris Naylor

2. Chief Finance Officer

I have been consulted on the above recommendations and my comments are included in the attached report.

Signed ....._(signature)_..... Date 26/5/11

3. Assistant Chief Executive (Legal Services)

I have been consulted on the above recommendations and my comments are included in the attached report.

(For Key Decision only – delete as applicable)
I confirm that this decision:-
(a) has been published in advance on the Council's Forward Plan OR
(b) is urgent and subject to the 'General Exception' or 'Special Urgency' provision at paragraph 18 or 19 respectively of the Access to Information Procedure Rules.

Signed ....._(signature)_..... Date ...1/6/11...

4. Chief Executive

The recommendations above are consistent with the Council's agreed Budget and Policy Framework and will contribute to the achievement of the authority's Strategic Plan.

Signed ....._(signature)_..... Date 27.5.11.

5. Mayor

I agree the recommendations above for the reasons set out in the attached report.

Signed ....._(signature)_..... Date 26/05/11

Committee/Meeting:	Date:	Classification:	Report No:
Mayoral approval	19-5-2011	Exempt	

Report of:	Title:
Corporate Director for Resources	**Contract recommendation for replacement of ICT Data Storage equipment**
Originating officer(s) Paul Ingram ICT Solutions Team Leader	**Wards Affected:** N/A

Lead Member	Cllr Alibor Choudhury for Resources
Community Plan Theme	N/A
Strategic Priority	Better Public Services

1.   SUMMARY

This report has been produced in response to the Cabinet Meeting 16th May 2011 request to submit "comprehensive reports (including an options appraisal) relating to contracting strategy/ contract award in respect of all contracts listed in Appendix 1 to the report, for the consideration of the Mayor/ Cabinet Member for Resources and also their subsequent consultation and agreement to the proposed contract award."

2.   DECISIONS REQUIRED

The mayor is recommended to authorise that, subject to satisfactory references, the contract for delivery of replacement data storage equipment is awarded to ANS based on a 3 year maintenance contract at an annual cost of £184k.

3.   REASONS FOR THE DECISION

The Council must replace it's existing Data storage equipment which is now at the end of it's economic life and is not cost effective to upgrade to meet current requirements for data storage. The current data storage capacity will be exhausted at the end of July 2011 and a replacement is urgently needed.

There are a number of key projects that need additional data storage capacity to deliver including Benefits projects and Smarter Working. The data storage needs of these known projects will be met by the proposed procurement.

4.   ALTERNATIVE OPTIONS

A number of alternative options were considered. The do nothing option is not viable as this will lead to the Council running out of data storage space and services being unable to use systems, create or retrieve documents, use the email system etc. The different sourcing options and considerations are shown below:

External storage solution
External (Cloud based) storage was considered but there are major technical constraints that mean that the data storage solution needs to be co-located with the application server farm. This is beyond the scope of the data storage replacement.

Direct purchase (Recommended option)
This option is cost effective, ensures that the Council has adequate data storage capacity to meet it's needs and can be delivered in time to support the technology implementation of Smarter Working and the subsequent departure from Anchorage House.

Continued piecemeal expansion of the current solution
This option is not cost effective and does not resolve existing underlying capacity and performance issues.

Procure as part of the future ICT partnering initiative
Time pressure to leave Anchorage House by the end of 2012 does not allow us to wait for this to take place.

The team did consider collaborative working with other Council's however given the work underway around the Future Sourcing of ICT it was decided that it would be better to implement a discrete solution that would easily transfer over to any new ICT Management arrangement. Further, the nature of the equipment is that it needs to be co located with the Council's application servers making a shared solution a complex undertaking.

5. **BACKGROUND**

The Council's data storage environment is used to store the majority of the Council's data. The principal components of the existing data storage solution are now over 5 years old and are at the end of their economic lifespan. This means that the Council now urgently needs a replacement :

1. Existing data storage space is being consumed at a rate of over 200 GB per month.

2. At the current rate of consumption the Council will completely run out of data storage capacity within 5 months, however other existing problems will effectively render the system inoperable before then with major problems likely from the end of July onward.

3. From the point of an order being raised on the supplier, there is a minimum implementation time of 2 months.

4. There is no growth capacity remaining in the current data storage environment to service urgent business projects.

5. Performance limitations within the existing system are now causing or exacerbating slow application performance across the business.

6. Performance limitations mean that weekly backups are now over-running, again impacting on business application performance.

The only way to cost effectively resolve these issues is to replace the Council's existing Data Storage equipment.

To ensure that the replacement of the Data Storage infrastructure delivers best value for the Council, the way we use storage has been re-evaluated and the replacement equipment has been specified to offer the following:

- Capacity for all existing Windows based systems.

- Storage controller capacity to ensure that data storage does not cause application performance issues across the Council.

- A resilient implementation across 2 sites to ensure that the Council benefits from improved business continuity in the event of a storage or site failure.

- Additional capacity to facilitate the key requirements of Smarter Working

- Capacity to deal with known windows based data storage for the next 3 years.

- A replacement for the council's current backup infrastructure to enable backups to be made rapidly, without significant business outage and at a frequency which can be matched to business criticality.

6.   **PROCUREMENT APPROACH**

ICT have progressed the procurement of replacement data storage equipment through the Council's procurement process. The procurement approach is set out below

Contract Strategy

As a result of time pressure to achieve the Smarter Working programme by the end of 2012 and to avoid running out of data storage capacity by the end of the summer of 2011, it was established that time was not available for a bespoke OJEU contracting approach.

The project team recommended instead that an OGC framework approach using a pre tendered framework would deliver a good outcome meeting the required project timescales, ensuring that a competitive and value for money deal is secured via competition and; maintaining compliance with the relevant UK and EU procurement laws.

The proposed procurement approach was accepted by the Tollgate Panel and subsequently by Competition Board.

Local Suppliers

The market for enterprise data storage is highly competitive and has a number of major suppliers all selling via large partner organizations within regions. The partner organizations provide the local regional sales and technical resources to implement these complex infrastructures. None of the storage vendors likely to be able to provide a valid solution have a partner in the Borough.

Procurement Process

ICT have worked with Corporate Procurement and the Smarter Working team to tender for a replacement data storage solution. The tender approach was agreed via the Tollgate 1 / Competition Board Process in February 2011. A Tender was put out to market using the OGC 721 Lot 2 framework in March 2011.

The OGC 721 Lot 2 framework has 13 potential bidders. The LBTH tender for data storage was open to all 13 potential bidders.

Bids were received from 5 of the 13 potential bidders at the close of competition. Clarification questions were sent to all bidders and the competition was closed at 1200 on 18th April 2011.

The bids were evaluated and a preferred solution established, this evaluation was then reviewed under the Tollgate 2 process. The Tollgate 2 panel agreed that the contract could be awarded subject to (i) clarifications around the tender evaluation criteria; and (ii) Cabinet approval for the contract award.

Tender evaluation matrix

The tender evaluation matrix is attached as Appendix 1.

10.   **SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

The equipment to be procured within this contract is more space and energy efficient that the equipment it is replacing ie: it offers higher performance and more data storage whilst reducing the energy required to operate it. Additional environmental benefits will accrue due to reduced journeys within the borough to move tapes to / from archive sites.

11.   **RISK MANAGEMENT IMPLICATIONS**

Not replacing the data storage infrastructure will cause a high probability, high impact risk that the Council will be unable to operate it's ICT infrastructure sometime shortly after the end of July 2011. The impact on operational services, and the Council's reputation is likely to be severe.

APPENDIX 1

R3907 Data Storage Tender Evaluation

SCORING KEY (1-5)

1 - Completely fails to address the requirement (poor)
2- Generally unsatisfactory response to the requirement (weak)
3 - Generally addresses most features of the requirement - some omissions (fair)
4 - Substantially addresses all features of the requirement (good)
5 - Fully addresses all features of the requirement (excellent)

Mandatory Criteria Headings	Suggested Sub-Criteria	Netapp / ANS	Netapp / Computacentre	EMC (B2Net) / CSA	EMC / Kelway	Netapp (Q assoc) / Misco
Fitness for purpose including quality	(for example only)					
Completeness of solution		*WEIGHTING = 20%*	*WEIGHTING = 20%*	*WEIGHTING = 20%*	*WEIGHTING = 20%*	*WEIGHTING = 20%*
	Does it meet all of our technical requirements	5	4.5	2.5	2.5	4.5
Sub Total		20.00%	18.00%	10.00%	10.00%	18.00%
Ability to execute the solution		*WEIGHTING = 15%*	*WEIGHTING = 15%*	*WEIGHTING = 15%*	*WEIGHTING = 15%*	*WEIGHTING = 15%*
	Does the supplier have solid evidence of implementing similar solutions for other Local Government clients	4	3	2.5	2	4
	Implementation plan	4.5	4	3.5	2	4
	Migration Plan including training, knowledge transfer and documentation for operational processes	4.5	4	3.5	2	4
	Exit Plan	0	0	0	0	0
	Quality and availability of resources	4.5	3	4.5	4	4.5
Sub Total		10.50%	8.40%	8.40%	6.00%	9.90%
Customer references		*WEIGHTING = 5%*	*WEIGHTING = 5%*	*WEIGHTING = 5%*	*WEIGHTING = 5%*	*WEIGHTING = 5%*
	Assessment of customer references	0	0	0	0	0
Sub Total		0	0	0	0	0

Category	Criterion					
Future proofing	Ability to grow in capacity and performance if required	WEIGHTING = 10%	WEIGHTING = 10%	WEIGHTING = 10%	WEIGHTING = 10%	WEIGHTING = 10%
		5	5	4.5	5	5
	Sub Total	10.00%	10.00%	9.00%	10.00%	10.00%
After sales service		WEIGHTING = 10%	WEIGHTING = 10%	WEIGHTING = 10%	WEIGHTING = 10%	WEIGHTING = 10%
	Warranty	3.5	2.5	4.5	4	2.5
	Response time	4	4	4	4	4.5
	Time to fix	2.5	2.5	4	4	4.5
	Remote monitoring & Management	4	3	4	4	4
	Second line operational support	0	0	0	0	0
	Moves and changes	5	2.5	3.5	3	4.5
	Cost of additional consultancy	3	3.5	2.5	3.5	3.5
	Sub Total	6.29%	5.14%	6.43%	6.43%	6.71%
Environmental	Environmental characteristics compliance with UK and EU environmental standards (e.g. EU Energy Star EU Energy Flower, UK Government Buying Standards); packaging.	WEIGHTING = 5%	WEIGHTING = 5%	WEIGHTING = 5%	WEIGHTING = 5%	WEIGHTING = 5%
	Power consumption	5	5	1.5	0	5
	Physical footprint	5	5	5	0	5
	Sub Total	5.00%	5.00%	3.25%	0.00%	5.00%
Lifecycle costs	All tender responses should break their proposed costs down into the following headings. Other costs may not be considered.	WEIGHTING = 35%	WEIGHTING = 35%	WEIGHTING = 35%	WEIGHTING = 35%	WEIGHTING = 35%
	Total Hardware Cost (all sites)	£250,000.00	£187,914.20	£579,000.00	£329,916.10	£211,881.00
	Software costs	£74,000.00	£89,625.60	£0.00	£190,323.80	£80,782.00
	Service and support costs for the full solution 3 years from the completion of implementation	£160,000.00	£151,484.00	£0.00	£70,209.20	£153,600.00

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Years 4 and 5 service and support costs	£150,000.00	£292,820.00	£104,000.00	£120,000.00	£286,000.00
Not greater than costs for 3 years covering likely expansion areas ie: disk capacity, controller upgrades etc.	5	5	5	0	5
Training costs (if any)	£6,000.00	£3,475.10	£0.00	£15,000.00	£0.00
Implementation manpower costs	£92,000.00	£99,182	£32,000.00	£168,841.60	£28,250.00
Consultancy costs (fully itemised with day rates and expressed as a not greater than cost per day valid for 3 years)	4	4.5	0	4	4.5
Trade in allowance against legacy data storage equipment per the provided schedule.	£30,000.00	£2,000.00	£6,000.00	£3,000.00	£14,550.00
Total 5 year cost	£702,000.00	£822,500.90	£709,000.00	£891,290.70	£745,963.00
Total 3 year cost	£552,000.00	£529,680.90	£605,000.00	£771,290.70	£459,963.00
Sub Total (3 year cost)	33.30%	34.00%	31.10%	20.90%	35.00%
OVERALL RESULT	**85.09%**	**80.54%**	**68.18%**	**53.33%**	**84.61%**
Notes	Hardware cost includes Nexus Switch option (16K) Best Solution	Proposed Data Domain backup leads to increased cost and complexity, minimum estimate £50k additional. Software and Service costs bundled in overall hardware cost		Most Expensive Data Migration, migration costs are unrealistic	Really don't like3rd Party Misco cost excludes Data Centre move and training